MO•Ē•NĬO

~TO FORTIFY, PROTECT

From Fortune to Fumbling

5 Tips New Professional Athletes, and Investors, Can Learn from the Mistakes of Other Athletes

Even Famous Athletes All Too Often Fall Victim to Financial Fraud

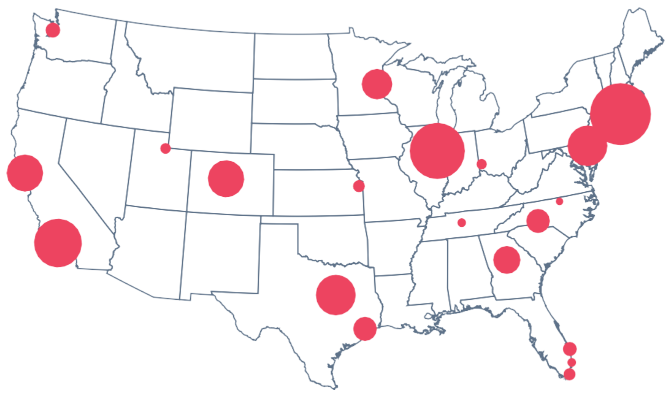
As a professional athlete beginning your career, how do you avoid the mistakes made by those ahead of you?

As an investor, how can you learn from these same mistakes?

MOENIO –

A bit about our story and why we are sharing these insights. Moenio is a client-advocacy firm focused on helping our clients evaluate and/or find the best financial advisors in the country.

There are over 600,000 registered investment advisors, but how do you, an athlete or investor, know you are working with one of the best?



That is where we come in - MOENIO.

We have one goal and it is evaluating advisors in areas such as investment used, fees, background of the advisor, team and firm, as well as 13 more other areas specific to make certain the advisor our client might consider is one of the best. One of those advisors offering great service, communication and risk-adjusted returns.

This story is our warning to new athletes or investors looking for advice and help. Everyone is more than happy to "share their experiences," but without the proper vetting and quantifiable evidence...

Well, the stories below do a better job of explaining what we see and how you should, no must, approach your future.

The stories are seemingly endless:

(Stores on the next page)

The Denver Broncos' John Elway

a two-time Super Bowl MVP – defrauded, along with 65 other investors, in a Ponzi scheme masquerading as a hedge fund;

The San Antonio Spurs' Tim Duncan

a three-time NBA Finals MVP – ripped off for many millions of dollars by an unscrupulous financial advisor;

Star NFL Quarterback Mark Sanchez

a three-time NBA Finals MVP bilked $7.8 million by a member of his church.

The results of such financial fraud frequently are devastating. At a sentencing hearing for the advisor who stole from him, Tim Duncan pleaded with the judge not to be lenient. "I see lots of kids coming into professional sports and end up losing most of the money they earn to somebody like him," Duncan said. "If he has any excuse to get back into this line of business," the NBA great continued, "he will be out hustling and doing the same to others."

Most poignantly, Duncan told the judge that:

"you may not understand how difficult it is for me to be in the public light in this horrible way – as the poster child for a dumb athlete whose financial advisor took his money."

Other bold-faced-name, sports-world celebrities swindled by their chosen financial advisors include **Glenn Dorsey**, **Jake Peavy**, **Vince Young**, **Bryan Berard**, **Mike Tyson** . . .. it really is astounding when you stop to think of it.

How does it so often happen that star athletes, instead of hiring the very best of financial advisors, end up with some of the worst?

After all, most pro athletes are among the top 1% of U.S. earners. Many are even in the top 0.1%, making over $5 million per year. In theory, they should be able to get the best that money can buy. And, we see clearly that they really do select the best doctors, attorneys and personal trainers – so why not the best financial advisors?

And again, what can investors – be they professional athletes or not – do to protect themselves?

Below, we're going to show you some of the many ways verify your current or potential financial advisors are great, trustworthy advisors.

But first, let's acknowledge that pro athletes generally have a pretty specific set of circumstances. More conventional earners have to manage their money and save over decades for retirement. By contrast, most pro athletes play professionally for just a handful of years. For instance, NFL players average 2.7 years, while NBA players average 4.8 years and MLB players average 5.6 years. So, rather than worrying about managing cash flow, these athletes must save and invest funds from their salaries and signing bonuses wisely, if they are to be comfortable later in life.

Average Career of Professional Athlete

NFL	NBA	MLB
2.7 years	4.8 years	5.6 years

By way of example, take the average NBA player, who makes $2.5 million annually over the course of a 4.8 year career, for total professional earnings of $12 million. Now compare that average NBA player to a successful attorney who makes $300,000 per year, thus earning $12 million over a 40-year career. Whereas the attorney needs to be most disciplined about managing day-to-day cash flow, the NBA player must be more disciplined about making his earnings last longer.

Any investor can learn from our rigorous vetting of financial advisors, but sports stars perhaps need more than the usual focus and urgency. Young sport stars typically have thrown themselves heart and soul into their sport, leaving little time for them to develop financial literacy on par with the fortunes they are earning.

Here are five case studies of professional athletes – NFL, NBA and MLB players – betrayed by their investment advisors. We present true-life stories of pro athletes defrauded by financial advisors, followed by explanations of how **Moenio** would work to prevent similar things from happening to you.

CASE STUDY #1

The basic facts of the case

Three pro athletes – Mark Sanchez, Roy Oswalt and Jake Peavy – hire Ash Narayan as their financial advisor.

Narayan works with RGT Capital Management, says he is a Certified Public Accountant (CPA), and he is a regular attendee at Mark Sanchez's church. Additionally, Narayan was approved by the NFL Players Association.

Under false cover of investing conservatively for the future, Narayan starts siphoning off his clients' funds, directing them into a side business – The Ticket Reserve -- running what was, in essence, a Ponzi scheme on his victims. Narayan even forged player signatures to steal money out of their accounts.

Oswalt lost $7.6 million, while Sanchez lost $7.8 million and Peavy was victimized for $15.1 million.

Case Element I

The Registered Investment Advisor claimed he was a CPA.

Moenio suggests: vetting of financial advisors including verification of educational and professional credentials.

We would have discovered that Narayan was not really a CPA *before* the athletes hired him.

Case Element II

The advisor was investing in a third-party investment – The Ticket Reserve – which was not offered by the firm through which the athlete's advisor was working.

Moenio suggests: conduct ongoing evaluations of how the advisor was investing the players' funds.

We would have flagged the improper third-party investment.

Case Element III

The Registered Investment Advisor was a "Fiduciary."

Moenio knows perfectly well that the media trumpet the notion that investors "must hire a fiduciary."

Yet we also know that the mere fact of being a fiduciary cannot stop a dishonest advisor from ripping clients off.

The vetting of a potential advisor helps you to select a better investment advisor – whether that advisor works on their own or with a wealth management firm, a trust company or a bank.

Moenio suggests: we ignore the title of Fiduciary. We look at aspects such as track-record, investments recommended, where assets are held, and other aspects of the advisor's business.

Case Element IV

The Registered Investment Advisor was registered with the NFL Players Association's Financial Advisor Program.

Moenio knows that beyond their degrees, titles and endorsements, investment advisors must be able to provide returns. Degrees, titles and endorsements, but these are only for guidance, not for making a final determination of whether an advisor is consistently acting in your best interests.

Regarding the NFL Players Association's Financial Advisor Program -- its vetting processes are seriously flawed. Like the Financial Times's and Barron's lists of top advisors, the Player Association relies on limited metrics which do not tell us everything we need to know in evaluating a financial advisor.

A Note for Professional Athletes

Your friends and family likely mean well when they say they are willing to help with your investments. Alas, a willingness to help does not necessarily mean the person commands the knowledge and expertise to add true value to your investments.

CASE STUDY #2

The basic facts of the case

Michael Rowan, a Registered Investment Advisor, lured in NFL players. Charging a flat fee, he offered to manage the players' investments and their personal finances. After he convinced the players to give him access to their bank accounts, he embezzled close to $2.9 million from them, diverting their money to himself. In 2017, Rowan was sentenced to 65 months in jail.

Among the victims were Glenn Dorsey, Earnest Graham, Alex Brown and Craig Davis.

Case Element I

The Registered Investment Advisor was granted access to his clients' bank accounts.

Moenio considers that there are only certain, very limited circumstances in which a financial advisor should have access to a client's bank accounts. A trust company managing your trust, and/or an advisor with a bank, might be given access to client bank accounts. However, that would only be acceptable in clearly-defined situations. Working on our clients' behalves, **Moenio** requires heightened supervision of such arrangements.

Case Element II

The financial advisor worked on a flat fee basis.

Moenio recognizes that there are many different ways to pay a financial advisor, among them i) a percentage of assets under management, and; ii) a flat dollar amount. There are other ways of paying a financial advisor, too, of course.

In our view, though, what's most important is to realize there is not "one right way" of paying financial advisors that fits every circumstance.

You should be wary of any advisor who claims there is only one correct way to pay a financial advisor.

As a client of a financial advisor, you should pay a "fair fee" within the framework of what you require and what the financial advisor will be providing you as a client.

Moenio warns: the cheapest fee does not mean the best outcome

Case Element III

The advisor had access to, and transferred funds out of his clients' bank accounts.

Moenio says that if your financial advisor has access to your bank accounts, then somebody – either you or another professional – must be responsible for auditing those bank accounts to make certain they are being managed correctly. We require that our clients receive a detailed monthly accounting from anyone with access to their bank accounts.

A Note for Professional Athletes

Moenio believes that with regular, rigorous oversight, Michael Rowan would never have succeeded in stealing millions from his clients' bank accounts. In this case, the clients simply did not understand what was happening, in their name, with their bank accounts.

Of course, when you have a highly demanding job, you can be hard-pressed to find time to do basic accounting. It is critical that you build in safeguards to protect your interests. If you can't personally do the necessary accounting, then it's best to have a professional -- rather than friends or family -- doing it on your behalf.

Your financial future depends on getting this right.

CASE STUDY #3

The basic facts of the case

NBA champion Tim Duncan was defrauded by his long-time investment advisor Charles Banks IV.

At the center of the matter, Banks hoodwinked Duncan into guaranteeing payment of a $6 million debt held by a business that Banks owned. Banks did not disclose his conflict of interest to Duncan.

Stunningly, the extent of Banks' financial improprieties were only discovered when Duncan was going through a divorce. (A separate financial planner was working on a property settlement for the divorce).

Banks drew Duncan into his confidence, playing on his own image as a "successful" businessman, but then Banks misallocated Duncan's funds.

Case Element I

The Registered Investment Advisor was "very successful."

Like a great doctor or lawyer, a great financial advisor is perceived to be "very successful." Nothing in a financial advisor's perceived success, however, can eliminate the need for proper, rigorous vetting of the advisor. After all, some advisors, once very successful, begin committing less time to their business.

Moenio, working on our client's behalf, always makes sure that your financial advisor is consistently acting in your best interest.

Case Element II

The financial advisor suggested outside business opportunities to his client.

Moenio says that if your financial advisor or broker offers you an outside investment, you should say "No" and then run.

Note that we separate Private Equity investing from "a private investment offered by an advisor."

With that said, under no circumstance should your financial advisor offer you an outside investment.

And, when you do consider investment opportunities, it is critical to have them rigorously vetted. **Moenio** observes that one area successful, wealthy people have in common is their capacity for good, solid decision making. If such people don't understand what is being presented to them – (and sometimes, even when they are pretty sure they do understand what is being presented to them) – they seek input from qualified outsiders. Banks exploited Tim Duncan's relative lack of knowledge and experience – knowing Duncan was unlikely properly to vet the outside investment opportunity he offered to him.

Moenio, in sum, says that you should always seek advice from others before making any investment in an outside, non-financial-investment-related business.

A Note for Professional Athletes

Your financial advisor is there to i) manage your assets, and; ii) perhaps, help with your financial planning. Be mindful of the boundaries to your financial advisor's legitimate activities.

And, no matter how successful your financial advisor may be, if they bring you a new proposal, you must exercise due diligence, rigorously vetting the proposal.

CASE STUDY #4

The basic facts of the case

In June of 2013, Forbes magazine ran an online story with the title: "The Ponzi Scheme You've Never Heard of That Cost NFL, NBA Players Millions."

This story is a cautionary tale for those who trust their financial advisor but need to understand the limits of what an advisor can and should be doing for them.

In this case, the players' Registered Investment Advisor referred his clients to another firm, which, as turned out, was offering fraudulent promissory notes. The firm providing the promissory notes was keeping most of the players' money for itself. By attracting ever more victims to the Ponzi scheme, the firm was able to pay its longest-running victims with money had from its most recent victims – until the Ponzi scheme collapsed, by which point the players' money had been lost.

Case Element I

The firm misrepresented the nature of the supposed investments it was making with the players' money.

When a client first hires **Moenio** to audit an advisor, the first documentation we request from the advisor is a complete list of investments that the advisor has made.

Moenio wants to see if the advisor is investing in anything beyond stocks, bonds, options and other "registered investments." If any of the investments are referred investments, or non-authorized investments, **Moenio** considers that a warning sign.

Case Element II

Understanding the differences between i) a Wealth Management Firm; ii) a Bank; iii) a Registered Investment Advisor; and iv) Others

Moenio knows it is critically important to know who has oversight of a financial advisor.

In Wealth Management Firms, Banks, Trust Companies and similar institutions, oversight is built into the system.

Registered Investment Advisor have various structures with some having built-in oversight and others having limited oversight.

Understanding how investments are vetted, and who watches over them is crucially important to choosing both i) the right firm and; ii) the proper advisor.

Moenio suggests: asking the basic question – who is responsible for checking trades and activity for your clients, beside yourself?

A Note for Professional Athletes

Because your future is being earned in a very short time, establishing rigorous oversight of your investments is more valuable than trying to "beat the markets" or to "gain return."

Registered investments, such as stocks, bonds and mutual funds, are far safer than non-registered investments.

You must exercise great caution when considering any non-registered investment.

Moenio note: we feel other assets do have value such as real estate. However, we view using an expert specific to this area is invaluable. Please do not confuse our comments here specific to market investments as the other investment we believe you should consider.

CASE STUDY #5

The basic facts of the case

In March of 2010, NFL Hall of Famer John Elway, together with a business partner, wired $15 million to Sean Mueller of Mueller Capital Management. The money was to be held in a trust until they agreed on where to invest it.

That same month – March of 2010 – the Colorado Division of Securities received a report of a suspicion that Mueller was operating a Ponzi-like scheme.

By April, authorities had assembled enough evidence that Mueller knew his jig was up. He left self-incriminating notes of apology and threatened to commit suicide by jumping off a building, but was hospitalized.

Law enforcement found that $12 million of Elway's and his partner's money was indeed in a Morgan Stanley account, but their remaining $3 million had disappeared.

And it turned out that before taking Elway's money, Mueller had been lying to his investor/victims – who by the end totaled 66 – boasting of nearly incredible returns, but fraudulently paying older investors with money taken from newer investors and creating bogus statements of profit to camouflage his dishonest scheme. In total, Mueller had burned through many tens of millions of his clients' dollars, and much of the money was lost forever.

Case Element I

The returns that Mueller was boasting were so extraordinarily high that you would (or should) have instantaneously been skeptical (rather than enthusiastic).

Moenio suggests: when a financial advisor shares information with you and the returns seem "excess" or "exceptional" be skeptical. It requires a deeper, more thorough look.

Case Element II

Elway and his partner were asked to wire $15 million to their account for "future" investments. This is a warning sign but a very subtle one.

A financial advisor asking for money to be wired should be for a "specific investment." The fact it was labeled as a "future investment" is a warning sign.

A Note for Professional Athletes

Moenio knows that if something looks too good to be true, then most likely, it ***is*** too good to be true.

And that's why really digging into and analyzing the investment returns that advisors provide to us counts among our key areas of evaluation.

Whatever the investment – mutual funds, hedge funds, options, et cetera – we rigorously verify that the numbers are correct. Moreover, if an advisor uses arcane investment strategies, we do not rest until we have guidance from independent experts on those strategies.

What's our bottom line?

To establish that your financial advisor is trustworthy, **Moenio** uses rigorous vetting processes to *verify* that your advisor is trustworthy.

Who are we?

We are **MOENIO** - a client advocacy firm working on behalf of our clients to make certain they work with, or will work with, a great financial advisor.

With over 600,000 registered advisors in the United States, how do you know the advisor you might choose is one of the best?

We have four core areas clients entrust us to help:

1.

EVALUATE your current financial advisor in 16+ areas; fee's being charged, investment returns, investment products being used, background check on the advisor and firm, to name a few.

2.

FIND a great financial advisor with a customized search based on your needs and goals but making certain the advisor delivers good, risk-based returns for a fair fee.

3.

PERFORMANCE GUARD is focused on providing periodic check-ups on your investments and returns. We give you comfort in knowing your investments are being managed correctly with the right risk-adjusted returns you've agreed to and want from your advisor.

4.

ADVISOR BACKGROUND CHECK helps you understand who you are working with currently or who you might hire; do they have the right experience, client complaints or fines, are they truthful in what they said about education, credentials, and background? We verify this information on behalf of our clients.

Your interest is our sole interest.